



Midwest Independent Bank

January 20, 2004

Ms Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th & C Streets, NW
Washington, DC 20551

Re Docket No. R-1176, Regulation CC, Availability of Funds & Collection of Checks

Dear Ms. Johnson:

Midwest Independent Bank, MIB, is a Bankers' Bank that provides services to community banks in the Missouri, Nebraska and Iowa regions. MIB welcomes the opportunity to respond to the Federal Reserve Board's request for comment on the amendments to Regulation CC that would add subpart D, including commentary, to implement the recently en-acted "Check Clearing for the 21st Century Act"

Background Information

The Federal Reserve Board has published for comment the amendments to Regulation CC that would implement the Check Clearing for the 21st Century Act. Subpart D would be added to the existing regulation as the operating guidance. The Check 21 Act facilitates the broader use of electronic check processing without mandating that any change its current check collection practices. The Act accomplishes this by authorizing the use of a new negotiable instrument called a substitute check. A substitute check is a paper reproduction of an original check that contains the image of the front and back of the item. It is suitable for automated processing in the same manner as the original check. The substitute check has the same legal standing and is the legal equivalent of the original. A bank that chooses to present a substitute check warrants that the substitute contains an accurate image of both the front and back of the original and a legend that states that it is the legal equivalent of the original check for all purposes and persons.

A. General Comments

It is the position of Midwest Independent Bank (MIB) and its affiliates that Federal Reserve has the appropriate authority to modify Regulation CC in or facilitate implementation of the Check 21 Act. MIB agrees that the attachment of Subpart D to

Regulation CC represents a more logical implementation approach than would the creation of a completely new regulation that would stand independently on its own. Given that a primary purpose of the Act is to enhance the collectability of checks, the original mission of Regulation CC, it seems reasonable to incorporate the implementation characteristics into Regulation CC. It is likely that, at some point in the future, Regulation CC itself may require modification as a result of the Act. For these and other reasons, MIB believes that the Federal Reserve has utilized sound judgment by including the Act's incorporating features within Regulation CC.

MIB believes that over a yet to be determined period of time (years), the Check 21 Act will facilitate increased payment system efficiency. The Bank's core position is that the Act represents an important "first step" in a larger transitional process that will evolve and be refined over the longer term. We applaud the Reserve Bank's initiative in formulating and submitting the sponsoring legislation to Congress and for taking an important leadership roll in its passage. MIB firmly supports the Act and its implementation, now scheduled for October 23, 2004. Within the context of our support, the Bank has no significant comments and/or observations that we wish to bring to the Board's attention.

As always, Midwest Independent Bank appreciates the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "W. David Vandeven", is written over a light gray rectangular background.

W. David Vandeven
Executive Vice President/COO